

Appln. No. 10/086,244
Applicant: Brown et al.
Reply to Final Office Action of January 26, 2006

REMARKS

In view of the following remarks responsive to the Office Action dated January 26, 2006, Applicant respectfully requests favorable reconsideration of this application.

Claims 1-21 were pending in this application. Applicant has entered no amendments to the claims. Accordingly, claims 1-21 remain pending in this application.

The Office had previously rejected all of the claims as anticipated by the Elston reference. In response Applicant traversed the rejections. In this second and final Office Action, the Office maintains those rejections, clarifies its previous rejection by, inter alia, adding more specific detail as to the portions of Elston on which it relies, and specifically responds to some of Applicant's arguments.

Applicant thanks the Office for the indication that the present invention is different than Elston (but the Office believes that the claims do not recite those differences) and also for the added detail in the rejections that permit Applicant to better address the Office's concerns. However, Applicant respectfully traverses as the claims do clearly recite patentable distinctions over Elston.

Applicant further respectfully thanks the Examiner in this case for the courtesy extended in the telephone conference of March 28, 2006 in which the Examiner and the Applicant's undersigned representative discussed potential ways to amend the claims to recite the distinguishing features over Elston. Particularly, as the Examiner noted in the Office Action itself, the present invention distinguishes over Elston, but the issue is whether the claims sufficiently recite such distinctions. The Examiner suggested focusing arguments and amendments on the differences in type of assets or type of tax.

The Present Invention

The present invention is a method and apparatus for determining the tax location of capitalized fixed assets. As stated on pages 1-2 of the specification, capitalized fixed

assets are physical properties, including real property and personal property, that typically have a significant value. Capital assets are tangible assets, used in the conduct of business that have an expected useful life of one year or more and typically have significant value. The cost of acquiring a capital asset is depreciated over the useful life of the asset, while non capital assets are expensed in the year in which they are purchased. The major categories of capital assets include categories such as land and land improvements, buildings, building equipment, machinery and equipment, data processing equipment, furniture and fixtures and personal computing equipment.

When a transaction (e.g., a transfer, capitalization, update) concerning a particular asset is recorded in a controller software module, that controller software module provides the transaction record to the inventive tax location finder module. The tax location finder module runs through a hierarchical sequence of queries of the information assigned to the asset. In each query, the tax location finder module checks to determine if the data assigned to the asset meets a set of criteria that helps indicate a particular routine (or audit) that will probably be able to derive the tax location of the asset. Such criteria typically might comprise conditions that indicate the type of the asset (e.g., manufacturing equipment vs. real estate vs. furniture) and/or the nature of the asset's use (e.g., internal vs. customer site vs. loaner vs. vendor site equipment) and/or the building, employee or cost center to which the asset is assigned.

If the data associated with the asset meets the set of criteria for a particular audit, then that audit routine will be called. If the asset does not meet the query criteria for an audit, then it will continue on to the next sequential query until it encounters a query whose criteria it meets. When the asset meets the set of criteria for a particular audit, that audit is called. Each audit is customized to the asset or transaction qualities that caused it to meet the criteria for calling that audit so that the logic in that routine will likely be able to derive a location for that asset.

The called audit checks through the data in the transaction record and/or tables or databases to attempt to derive the location of the asset. If the audit routine discovers sufficient data to derive a tax jurisdiction code, then the derived tax jurisdiction code is passed back to calling controller. If the audit could not successfully derive a tax location, the transaction record is sent to an error correction facility where it is manually researched and corrected.

There may be circumstances where a transaction record causes an audit to be invoked and that audit cannot derive a location for the asset, but the condition that precipitated the failure to derive a tax location is not necessarily an error that needs correction. Rather, the failure to derive a location may be the result of selecting that audit incorrectly, whereas a subsequent audit in the hierarchy may still be able to successfully derive a location. Accordingly, one or more audit routines may be designed to return the record transaction back into the hierarchy of queries if the audit fails for certain reasons.

Elston

Elston discloses a remote ordering system particularly suited to mobile customers placing remote orders with any one of a group of affiliated merchants for pick up by the customer at a specific merchant location. The system includes a database or store information directory that contains information characterizing order-processing features for each location. The information is preferably organized according to a schema corresponding to the organizational structure of the group of merchants. The information may include order fulfillment capability, menus, prices, payment features, taxes, security protocols and system administration privileges specific to each merchant location or sub-groups of merchant locations. The system allows the remote ordering system to effectively pre-clear, pre-process and pre-pay remote orders and to effect post-sale settlement and reporting according to guidelines applicable to each specific location in the merchant group, leaving the specific location to complete only the actual

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order fulfillment.

Elston does not concern the tracking of capitalized fixed assets within a corporate or other entity. It concerns the purchasing of consumer goods by one entity from another entity.

Use of Term “Location”

There appears to be a misunderstanding as to the use of the term “location” in the present specification. Particularly, in the final Office Action, the Office stated “Applicant’s arguments have shed light on the of use of the term “location” as used in paragraph [0022] and the more common use of the term “location” in paragraph [0026]”.

It is unclear whether the following discussion will be significant to the Office’s understanding of the present invention or have any bearing on the rejections, but the following explanation is offered for purposes of clarity because Applicant does not believe that it has used the term “location” oddly or inconsistently in the specification. Specifically, in paragraph [0022], Applicant uses the specific phrase “location type” for the very purpose of distinguishing it from simple “location”. Paragraphs [0022]-[0023] discuss four different exemplary location types. The point being made in paragraphs [0022]-[0023] is that an asset may be of a certain location type such that “these asset location type codes can be used to help derive a tax location for the asset” (paragraph [0023]). Therefore, there should be no confusion between the use of “location type” and “location” in the specification. A location type might provide valuable information as to the proper tax location of the asset.

Elston versus the Present Invention

Claim 1

In the latest Office Action, the Office has now specifically identified the portions of Elston that it asserts teach each of the claim elements in at least claim 1.

This is extremely helpful in enabling Applicant to address the rejection. It is apparent from this explanation that the Office is attempting to fit a square peg (Elston) into a round hole (the claimed invention).

For instance, using independent method claim 1 as an example, it expressly recites that the asset is a capitalized fixed asset. Elston, on the other hand, pertains to standard commercial transactions in which a purchaser is buying from a retailer. In the aforementioned telephone conference of March 28, 2006, the Examiner suggested that limiting the type of asset in the claim might sufficiently distinguish over Elston, and asked what the specification could support in this regard. Applicant has reviewed the specification and there is, in fact, a lengthy definition of capitalized fixed asset on pages 1-2 of the specification, as noted above. This definition should distinguish over Elston because a good purchased by a buyer from a seller is not a capitalized fixed asset. Of course, it may later become one, but that is an election made by the purchaser after the purchase. A good only becomes a capitalized fixed asset if the purchaser declares so on its taxes. Furthermore, claim 1 not only recites that the asset is a capitalized fixed asset in the preamble, but also in the body of the claim (see step (1)). Therefore, the claim distinguishes over Elston without the need for amendment.

In addition, Applicant has amended claim 1 for consistency of language and to clarify that the "location" is a tax location, which is not necessarily the same thing as a physical location.

Furthermore, claim 1 also distinguishes over Elston in other ways. Particularly, the second element recites "responsive to such a detection in step (1) [of a transaction involving an asset], running data for said asset through a plurality of queries, each query designed to determine if said asset meets a set of criteria indicative of a category of how a location of said asset may be determined".

The Office asserts that this is taught in Elston paragraphs 259-265. However, this is not true. Elston paragraphs 259-265 are reproduced below for ease of reference.

[0259] The order delivery system 40 can use a variety of data sources to compute the optimum scheduling of orders or computation of wait time for each store (or work station within a store location). These data include:

- [0260] 1. A calculated fulfillment capacity for each product type or group by time of day, day of week, season of the year, and holidays,
- [0261] 2. Historical records on fulfillment time for each product type of group by time of day, day of week, season of the year,
- [0262] 3. Information on fulfillment times for recent orders at the store by product type or group,
- [0263] 4. Information on predicted capacity, staff availability and other variables input to the order terminal by a store manager or supervisor,
- [0264] 5. Information from the merchant's reservation management system, and
- [0265] 6. Information from the merchant's inventory system.

Paragraphs 259-265 appear within the section entitled Order Queue Management, which begins with paragraph 254, reproduced below:

For many goods and services, an individual store location will only have a limited capacity to fulfill customer orders and will experience times of peak demand. The order delivery system 40 regulates the flow of orders to a given merchant location in a number of ways. Complicating this problem is the fact that the number of employees available to fulfill customer orders varies with time of day, day of week, season of the year and occurrence of holidays. Further, the capacity at each store can vary depending on the delivery). Regulating order flow allows merchants to provide the expected grade of service to remote ordering customers, walk-in customers or conventional telephone or fax customers.

There are several errors in the Office's analysis of Elston as it applies to element (2) of claim 1. First, the good or service that is being discussed in paragraphs 259-265 is already located. That is, as mentioned in the paragraph 254, the "individual store location" for servicing the request for the good or service has already been identified in a previous step of Elston. Therefore, paragraphs 259-265 of Elston have nothing at all to do with determining a location of anything.

Furthermore, totally separately from this distinction, paragraphs 259-265 do not discuss a plurality of queries as used in claim 1. It is apparent that the Office is attempting to read the language of element (2) of claim 1 very broadly on any analysis of the transaction data. However, this broad of a reading is not permitted by the actual

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language of claim 1. Specifically, claim 1 says that each query is “designed to determine if said asset meets a set of criteria indicative of a category of how a location of said asset may be determined”. Quite clearly, at best, paragraphs 259-265 of Elston disclose criteria for determining scheduling of order fulfillment, not for determining the location of an asset. Also, paragraphs 259-265 discuss a set of criteria that, at best, constitutes a single collective query for determining scheduling, whereas claim 1 step (2) recites a plurality of queries, each comprising a set of criteria, and each query designed to determine if the asset is likely to be of a certain location type, and not to determine scheduling.

With respect to step (3) of claim 1, which recites “if, in step (2), said asset meets said set of criteria corresponding to one of said queries, running data corresponding to said asset through an audit customized to said corresponding category to determine a location of said asset”, the Office asserts that this is found in paragraph 266 of Elston.

Paragraph 266 of Elston reads:

The order delivery system 40 manages an order delivery queue for each terminal at each store. If no connections are available, or the terminal or line at the store is busy, orders are held in this queue until they can be delivered. To optimize connections (especially when demand dial connections are used) the order delivery system checks the order delivery queue for the store location before terminating the connection. In cases where an alternative connection to the store must be used to deliver the order, the order delivery queue is emptied before the connection is relinquished.

The Office asserts:

This is product data corresponding to availability queries going through an audit customized to the corresponding category or availability to determine “a location of said asset”. In this case, if the product were available, the “location of said asset” would be a vendor asset location as defined by applicant’s paragraph [0022].

No it is not. Every aspect of this assertion is erroneous. First, as discussed above in connection with step (2), paragraph 266 does not concern determination of

asset location, it involves the establishment of a communication link. The asset is already located.

Second, step (3) of claim 1 recites that step (3) is performed responsive to "said asset meet[ing] said set of criteria corresponding to one of said queries [in step 2]". This is utterly lacking in Elston. The process in paragraph 266 is not performed responsive to the process of paragraphs 259-265.

Third, the Office's assertion that "[t]his is product data corresponding to availability queries going through an audit customized to the corresponding category or availability to determine 'a location of said asset'" is erroneous on several levels. First, paragraph 266 does not concern the availability of the product. Rather, it relates to the availability of a telecommunications link to the store terminal. The product has already been located at this store and the system just wants to talk to the store. Second, there is nothing in this paragraph that supports the Office's statement that anything, let alone "product data corresponding to availability queries", is "going through an audit customized to the corresponding category or availability to determine a 'location of said asset'". This paragraph concerns an attempt to establish a communication link with the store that has been selected for providing the good or service. It is utterly irrelevant.

Fourth, the assertion that "if the product were available, the 'location of said asset' would be a vendor asset location as defined by applicant's paragraph [0022]" is a non sequitur. This statement asserts nothing more than that a good has a location. However, paragraph 266 has nothing to do with finding that location, let alone meeting any of the recitations of claim 1.

With respect to step (4) of claim 1, which recites "if, in step (3), a location is determined, assigning said determined location to said asset for tax and/or insurance reporting purposes", the Office asserts that tax engine 58 shows that available vendor asset location products are processed for tax and/or insurance reporting purposes. While, in a very broad sense, this may be true, step (4) recites something much more specific than just generically processing for tax or insurance purposes and that is not

performed by tax engine 58. Specifically, step (4) recites assigning a tax location. As discussed in response to the previous Office Action, determining the tax amount on a good or service simply is not the same thing as determining its tax location. As discussed in response to the last Office Action, the tax engine is discussed in paragraphs 361-362 of Elston, which state:

The tax engine 58 computes the sales taxes applicable to the order. It should be understood that sales tax can be interpreted in a very broad sense to include state, county and local taxes, Value Added Tax (VAT), Goods and Services Tax (GST), surtaxes, etc. The tax engine queries the Store information directory 36 for the tax codes (which include tax rates and rules for applying the tax rate) applicable to the items in the order. The rules and parameters used for determining which tax rate applies and the tax amount are found in the store information directory Tax computation information, including the tax codes applied, is passed to the payment engine 12 for logging and reporting.

When promotional value is used for some or all of the payment, tax is computed for the balance of the cost of the order on an item (or category) specific basis. Alternatively, tax can be computed for the entire value of the order and then tax credits computed for the item (or category) specific promotional value. In some jurisdictions and for some types of items, it may be required to compute the tax on the item ordered based on the listed price, regardless of the promotional value applied.

Referring to the second sentence of the first paragraph quoted above, it is quite clear that the only thing that Elston's Tax Engine does is calculate taxes based on tax codes that are stored in the Store information directory in association with the particular products. Thus, Elston does not disclose a technique for determining the tax location of an asset based on queries for information relevant to its tax location. There are fields in the Store information directory 36 (i.e., the "tax codes") that tell what the taxes are for that product. Clearly, some of those taxes are based on the tax location of the product, but the Tax Engine described by Elston does not determine the tax location through a series of queries. Rather, it simply reads the appropriate tax code field in the Store information directory. All the Tax Engine seems to retrieve from the directory 36 is the tax code, which presumably gives the local tax rate for that type of product so that the payment engine can calculate the local tax on the product by multiplying the local tax

rate by the cost of the product.

With respect to steps (5) and (6) of claim 1, they recite two different types of alarms depending on whether step (2) could not find a query match and whether step (3) could not find a tax location. Thus, while Elston has alarms, they simply have nothing to do with failures in steps (2) and (3) for the simple reason that Elston has nothing resembling steps (2) and (3) of claim 1.

Accordingly, Elston clearly does not anticipate claim 1.

Remaining Claims

Dependent claims 2-7 are patentable over Elston for at least all of the same reasons as claims 1, from which they depend. Nevertheless, the dependent claims add even further distinguishing recitations. For instance, claim 2 recites "in step (2), each of said sets of criteria comprises at least one criterion to which said data for said asset must match". It is not seen how the act of looking up the local tax rate in a directory could possibly be deemed to meet this limitation.

Dependent claim 3 recites "in step (2), said data for said asset is run through said plurality of queries hierarchically, wherein, when said asset meets said set of criteria of a particular query, said asset data is not run through any queries ordered lower in said hierarchy". There is nothing in Elston remotely resembling this recitation. Elston looks up a field in a directory that tells it the local tax rate. There is no hierarchy of queries.

The Office asserts that paragraphs 260-265 disclose six queries in reverse hierarchical order and that, "[f]or instance, if the product matches the inventory in stock (number 6) there is no need to continue to the reservation system, the predicted capacity system, and so on.

This is an erroneous reading of paragraphs 259-265. First, there is absolutely nothing in Elston that supports the Office's assertion that there is a hierarchy of queries. Rather, paragraphs 260-265 discuss a set of criteria that can be used to determine

optimum scheduling. It says exactly that in paragraph 259. These criteria are used collectively to form a schedule. They do not comprise separate sets of criteria corresponding to different queries. Secondly, the speculation that one would write a series of hierarchical queries in reverse order is improper. Certainly, Elston does not state so, and assuming that one would write down a hierarchy in reverse order is not rational.

Dependent claims 5-7 also further distinguish over Elston. Each of these claims discusses a particular feature pertaining to the criteria used to determine which category an asset belongs to in order to determine which audit to run so as to determine its tax location. Since Elston does not have any such criteria since he has no step similar to step (2), it cannot possibly disclose these specific features.

Independent claim 8 is quite similar to claim 1 and distinguishes over Elston for at least all of the same reasons set forth above in connection with claim 1.

Dependent claims 9-18 are patentable for at least the same reasons since they depend from claim 8. However, even furthermore, dependent claims 10, 11, 13, 14, and 15 generally correspond in substance to dependent claims 2, 3, 5, 6, and 7 discussed above. Therefore, they even further distinguish over Elston for at least all of the same reasons already discussed above with respect to dependent claims 2, 3, 5, 6, and 7.

Finally, the third claim set, i.e., independent claim 19 and dependent claims 20 and 21 generally correspond in substance to claims 1, 2, and 3. Therefore, they distinguish over Elston for at least all of the same reasons as claim 1, 2, and 3, respectively.

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Conclusion

In view of the foregoing amendments and remarks, Applicant asserts that the pending claims are in condition for allowance and respectfully request that the Office issue a Notice of Allowance at the earliest possible date. The Office is invited to contact Applicant's undersigned counsel by telephone call in order to further the prosecution of this case in any way.

Respectfully submitted,



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